



DAVISKELLY CERTIFIED
PUBLIC
ACCOUNTANTS
CREATING VALUE FROM NUMBERS

THE AKSHAYA PATRA FOUNDATION (USA)

Financial Statements

Year Ended December 31, 2019 and 2018

*A Certified Women-Owned Business Enterprise in the Commonwealth of Massachusetts
and the City of New York*

4238 Washington Street, Suite 307 • Boston, MA 02131

687 West 204th Street, New York, New York 10034

Member – American Institute of Certified Public Accountants

Member – Association of Certified Fraud Examiners

THE AKSHAYA PATRA FOUNDATION (USA)

Financial Statements

December 31, 2019 and 2018

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DAVISKELLY CERTIFIED
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Independent Auditors' Report

To the Board of Directors of
The Akshaya Patra Foundation (USA)
6800 Owensmouth Avenue, Suite 230
Canoga Park, CA 91303

We have audited the accompanying financial statements of The Akshaya Patra Foundation (USA) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Akshaya Patra Foundation (USA) as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Davis Kelly LLC

Boston, Massachusetts
June 12, 2020

THE AKSHAYA PATRA FOUNDATION (USA)

Statement of Financial Position
As of December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<i>Assets</i>		
<i>Current assets:</i>		
Cash and cash equivalents	\$ 1,679,114	\$ 3,050,884
Accounts and pledges receivable	769,168	1,224,289
Prepaid expenses	<u>2,790</u>	<u>16,664</u>
<i>Total current assets</i>	<u>2,451,072</u>	<u>4,291,837</u>
Website and computers, net	<u>24,504</u>	<u>28,549</u>
<i>Other assets:</i>		
Pledges receivable- non-current, net	<u>9,637</u>	<u>14,336</u>
<i>Total assets</i>	<u><u>\$ 2,485,213</u></u>	<u><u>\$ 4,334,722</u></u>
 <i>Liabilities and Net Assets</i>		
<i>Current liabilities:</i>		
Accounts payable	\$ 10,493	\$ 1,155
Accrued expenses	<u>92,635</u>	<u>19,614</u>
<i>Total liabilities</i>	<u>103,128</u>	<u>20,769</u>
 <i>Net assets:</i>		
Without donor restrictions	(573,180)	2,378,084
With donor restrictions	<u>2,955,265</u>	<u>1,935,869</u>
<i>Total net assets</i>	<u>2,382,085</u>	<u>4,313,953</u>
<i>Total liabilities and net assets</i>	<u><u>\$ 2,485,213</u></u>	<u><u>\$ 4,334,722</u></u>

The accompanying notes are an integral part of these financial statements.

THE AKSHAYA PATRA FOUNDATION (USA)

Statement of Activities

For the Year Ended December 31, 2019

	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>
<i>Revenue and support:</i>			
Contributions and other support:			
Contributions	\$ 2,611,436	\$ 883,687	\$ 3,495,123
Interest income	11,866	-	11,866
Contributed goods and services	144,125	-	144,125
Net assets released from restrictions	256,593	(256,593)	-
	<u>3,024,020</u>	<u>627,094</u>	<u>3,651,114</u>
Total contributions and other support	<u>3,024,020</u>	<u>627,094</u>	<u>3,651,114</u>
Event revenue	3,381,908	1,388,580	4,770,488
Less: direct event expenses	(696,926)	-	(696,926)
Event revenue, net	<u>2,684,982</u>	<u>1,388,580</u>	<u>4,073,562</u>
Net assets released from restrictions	996,278	(996,278)	-
	<u>3,681,260</u>	<u>392,302</u>	<u>4,073,562</u>
Total event revenue	<u>3,681,260</u>	<u>392,302</u>	<u>4,073,562</u>
Total revenue and support:	<u>6,705,280</u>	<u>1,019,396</u>	<u>7,724,676</u>
<i>Expenses:</i>			
Program services	8,882,089	-	8,882,089
Fundraising	617,499	-	617,499
General and administration	156,957	-	156,957
	<u>9,656,544</u>	<u>-</u>	<u>9,656,544</u>
<i>Changes in net assets</i>	(2,951,264)	1,019,396	(1,931,868)
<i>Net assets, beginning of the year</i>	<u>2,378,084</u>	<u>1,935,869</u>	<u>4,313,953</u>
<i>Net assets, end of the year</i>	<u>\$ (573,180)</u>	<u>\$ 2,955,265</u>	<u>\$ 2,382,085</u>

The accompanying notes are an integral part of these financial statements.

THE AKSHAYA PATRA FOUNDATION (USA)

Statement of Activities

For the Year Ended December 31, 2018

	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>
<i>Revenue and support:</i>			
Contributions and other support:			
Contributions	\$ 3,232,802	\$ 256,593	\$ 3,489,395
Interest income	17,234	-	17,234
Contributed goods and services	135,962	-	135,962
Net assets released from restrictions	861,363	(861,363)	-
	<hr/>	<hr/>	<hr/>
Total contributions and other support	4,247,361	(604,770)	3,642,591
	<hr/>	<hr/>	<hr/>
Event revenue	3,196,943	1,181,522	4,378,465
Less: direct event expenses	(466,452)	-	(466,452)
Event revenue, net	<hr/>	<hr/>	<hr/>
	2,730,491	1,181,522	3,912,013
	<hr/>	<hr/>	<hr/>
Total revenue and support:	6,977,852	576,752	7,554,604
	<hr/>	<hr/>	<hr/>
<i>Expenses:</i>			
Program services	5,322,012	-	5,322,012
Fundraising	528,801	-	528,801
General and administration	183,159	-	183,159
	<hr/>	<hr/>	<hr/>
Total expenses	6,033,971	-	6,033,971
	<hr/>	<hr/>	<hr/>
Changes in net assets	943,881	576,752	1,520,633
	<hr/>	<hr/>	<hr/>
Net assets, beginning of the year	1,434,203	1,359,117	2,793,320
	<hr/>	<hr/>	<hr/>
Net assets, ending of the year	\$ 2,378,084	\$ 1,935,869	\$ 4,313,953
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The accompanying notes are an integral part of these financial statements.

THE AKSHAYA PATRA FOUNDATION (USA)

Statement of Cash Flows

For the Year Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<i>Cash flows from operating activities:</i>		
Changes in net assets	\$ (1,931,868)	\$ 1,520,633
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	14,397	10,509
Bad debt expense	-	35,000
Change in:		
Accounts and pledges receivable	455,121	(252,320)
Prepaid expenses	13,874	1,667
Pledges receivable- non-current	4,699	209,991
Accounts payable	9,338	(6,921)
Accrued expenses	73,021	7,408
<i>Net cash provided by operating activities</i>	<u>(1,361,418)</u>	<u>1,525,967</u>
<i>Cash flows from investing activities:</i>		
Purchase of fixed assets	(10,352)	(23,885)
Donated securities	-	(87,239)
Sale of donated securities	-	107,401
<i>Net cash used in investing activities</i>	<u>(10,352)</u>	<u>(3,723)</u>
<i>Net change in cash and cash equivalents</i>	(1,371,770)	1,522,244
<i>Cash and cash equivalents, beginning</i>	<u>3,050,884</u>	<u>1,528,640</u>
<i>Cash and cash equivalents, ending</i>	<u>\$ 1,679,114</u>	<u>\$ 3,050,884</u>

The accompanying notes are an integral part of these financial statements.

THE AKSHAYA PATRA FOUNDATION (USA)

Statement of Functional Expenses

For the Year Ended December 31, 2019

	<u>Program Services</u>	<u>Fundraising</u>	<u>General and Administration</u>	<u>Total</u>
Grants to Akshaya Patra Foundation India	\$ 8,431,337	\$ -	\$ -	\$ 8,431,337
Salaries and program consultants	359,919	456,482	61,450	877,850
Health insurance	6,575	8,339	1,123	16,037
Fringe benefits	4,266	5,410	728	10,404
Payroll taxes	18,044	22,885	3,081	44,009
Professional fees	9,045	6,030	15,075	30,149
Donation processing fees	-	49,340	5,482	54,822
Information technology	-	15,237	2,689	17,926
Website	276	1,380	1,104	2,759
Filing fees	-	-	12,186	12,186
Marketing expenses	-	35,898	8,974	44,872
Occupancy	-	2,430	2,430	4,860
Telecommunication	-	3,814	2,543	6,357
Pension expense	1,968	2,496	336	4,800
Insurance	-	-	7,250	7,250
Office expenses	-	3,885	11,654	15,539
Travel	15,495	3,874	6,456	25,825
Other program expenses	35,165	-	-	35,165
Depreciation and amortization	-	-	14,397	14,397
<i>Total expenses</i>	\$ <u>8,882,089</u>	\$ <u>617,499</u>	\$ <u>156,957</u>	\$ <u>9,656,544</u>

THE AKSHAYA PATRA FOUNDATION (USA)

Statement of Functional Expenses

For the Year Ended December 31, 2018

	<u>Program Services</u>	<u>Fundraising</u>	<u>General and Administration</u>	<u>Total</u>
Grants to Akshaya Patra Foundation India	\$ 4,997,218	\$ -	\$ -	\$ 4,997,218
Salaries and program consultants	273,674	347,099	46,725	667,498
Health insurance	15,213	19,295	2,597	37,105
Fringe benefits	6,326	8,023	1,080	15,429
Payroll taxes	16,566	21,011	2,828	40,405
Professional fees	9,667	6,445	16,112	32,224
Donation processing fees	-	39,316	4,368	43,684
Information technology	-	11,620	2,051	13,671
Website	2,470	12,352	9,882	24,704
Filing fees	-	-	10,702	10,702
Marketing expenses	-	47,403	11,851	59,254
Occupancy	-	5,146	5,146	10,292
Telecommunication	-	5,189	3,459	8,648
Pension expense	878	1,113	150	2,141
Insurance	-	-	6,336	6,336
Office expenses	-	4,788	14,363	19,151
Bad debt expense	-	-	35,000	35,000
Depreciation and amortization	-	-	10,509	10,509
<i>Total expenses</i>	\$ <u>5,322,012</u>	\$ <u>528,801</u>	\$ <u>183,159</u>	\$ <u>6,033,971</u>

The accompanying notes are an integral part of these financial statements.

THE AKSHAYA PATRA FOUNDATION (USA)

Notes to Financial Statements

December 31, 2019 and 2018

Note 1 – Organization

The Akshaya Patra Foundation (USA) ("Organization") was established in 2001 as a USA 501(c)(3) non-profit corporation to promote the mission and to raise and distribute funds to help grow The Akshaya Patra Foundation (TAPF) based in Bengaluru, India. In 2019, TAPF provided hot, nutritious meals to more than 1.8 million children daily in over 19,000 government schools across 14 states from 35 centralized and 2 de-centralized kitchen locations in India. These meals serve a dual role of combatting childhood malnutrition and encouraging school attendance. In the years ended December 31, 2019 and 2018, the Organization contributed \$8,431,337 and \$4,997,218 to TAPF in the form of grants. Pursuant to a Board Resolution, which can be amended from time to time, a percentage of all funds raised by The Akshaya Patra Foundation (USA) are retained to cover its operating expenses and the balance is sent as grants either with or without use restrictions in accordance with donor instructions. Additionally, the Organization may receive other funds which are designated to be used exclusively for its operations.

Note 2 – Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Basis of Presentation

Financial statements presentation follows the guidelines of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 "Not-for-Profit Entities - Presentation of financial statements of Not-for-Profit Entities."

THE AKSHAYA PATRA FOUNDATION (USA)

Notes to Financial Statements

December 31, 2019 and 2018

Note 2 – Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

The Organization considers as cash equivalents all highly liquid investments, which can be converted into known amounts of cash and have a maturity period of ninety days or less at the time of purchase. Excluded from this definition of cash equivalents are such amounts that represent funds that have been restricted by donors and designated by the Board.

Contributed Goods and Services

The Organization records various types of in kind support including contributed professional services, advertising and materials. Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donations. Contributions of tangible assets are recognized at fair market value when received. Additionally, the Organization receives a significant amount of skilled, contributed time, which does not meet the two recognition criteria as described above. Accordingly, the value of this contributed time has not been determined and is not reflected in the accompanying financial statements.

Functional Allocation of Expenses

The Organization allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and/ or support service are allocated directly according to its natural expenditure classification.

Equipment

Equipment is recorded at cost, if purchased, or if donated, at their estimated fair market value at the date of receipt. All acquisitions of equipment in excess of \$1,500 and all expenditures for repairs, maintenance, and betterments that materially prolong the useful lives of assets are capitalized. The cost of maintenance, repairs, and minor renewals are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, 3-5 years.

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c) (3) of the Internal Revenue Code except on net income derived from unrelated business activities. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b) (1) (a) and has been classified as an organization that is not a private foundation under Section 509(a) (1). The Organization is also exempt from State taxes.

THE AKSHAYA PATRA FOUNDATION (USA)

Notes to Financial Statements

December 31, 2019 and 2018

Note 2 – Summary of Significant Accounting Policies (Continued)

Use of Estimates and Assumptions

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Organization's management to make estimates and assumptions. These affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

Revenue and Revenue Recognition

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Contributions

Contributions are recognized as revenue when they are received or unconditionally pledged. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, assets with restrictions are reclassified to assets with restrictions.

Pledges Receivable

Pledges receivable represent amounts which are due from donors which are classified as current if they are scheduled for payment within one year, and non-current when the expected payment date exceeds one year. Promises to give with expected payment dates that extend beyond one year are discounted to their present value. Management believes that all pledges receivable are collectible, and therefore, no allowance for doubtful pledges has been established. If pledges are determined to be uncollectible in subsequent periods, they will be charged to activities at that time.

Note 3 – Liquidity and Availability

Company has the Board directive to retain funds to keep cash reserves for up to six months of general expense and for building up the organization, from time to time. In general, funds are disbursed towards program expenses at the end of every quarter and held in interest bearing money market accounts at regional or national level banks till such time. Marketable securities are donations received in the form of stocks that are received and immediately sold for cash proceeds. Estimated average annual non grant expense for the organization is \$1M and the available balance on December 31, 2019 is sufficient to last for 18 months.

THE AKSHAYA PATRA FOUNDATION (USA)

Notes to Financial Statements

December 31, 2019 and 2018

Note 3 – Liquidity and Availability (Continued)

Liquid financial assets as of the balance sheet date comprise of:

Cash and cash equivalents	\$	1,679,114
	\$	<u>1,679,114</u>

Note 4 – Equipment

At December 31, 2019 and 2018 equipment consisted of the following:

	<u>2019</u>	<u>2018</u>
Computers	\$ 5,145	5,145
Website	47,320	36,968
Less accumulated depreciation and amortiz	<u>(27,961)</u>	<u>(13,564)</u>
Net	\$ <u>24,504</u>	\$ <u>28,549</u>

Depreciation expense for the years ended December 31, 2019 and 2018 was \$14,397 and \$10,059, respectively.

Note 5 – Significant Concentrations of Risk

Financial instruments that potentially subject the Organization to concentration of credit risk consist primarily of cash, cash equivalents, investments, and contributions receivable. The Organization maintains its cash, cash equivalents, and investments with high-credit quality financial institutions. These balances from time-to-time exceed the FDIC limits and subject the Organization to concentration of credit risk. At December 31, 2019 and 2018, the Organization had \$1,174,019 and \$2,594,512, respectively, over the FDIC limits.

Note 6 – Contributed Goods and Services

In 2019 and 2018 the Organization received donated services from the Executive Director valued at \$125,000 in both years, which is included in the amount of \$144,125 and \$135,962, respectively. The remainder of the donated services for both years consisted of donated rent and donated supplies for an event.

Note 7 – Events

The Organization had events in the years 2019 and 2018. For the years ended December 31, 2019 and 2018, the event revenue and expenses are as follows:

THE AKSHAYA PATRA FOUNDATION (USA)

Notes to Financial Statements

December 31, 2019 and 2018

Note 7 – Events (Continued)

	Without Donor Restrictions	With Donor Restrictions	2019	2018
Event revenue	\$ 3,381,908	\$ 1,388,580	\$4,770,488	\$ 4,378,465
Less: direct event expenses	(696,926)	-	(696,926)	(466,452)
Net assets released from restrictions	996,278	(996,278)	-	-
Events, net	\$ 3,681,260	\$ 392,302	\$4,073,562	\$ 3,912,013

Note 8 – Retirement Plan

The Organization sponsors a Simple IRA defined contribution retirement plan (the “Plan”) covering substantially all of its employees who meet certain eligibility requirements. The Organization will match employee contributions up to 3% of their gross salary. During the years ended December 31, 2019 and 2018, the Organization made contributions to the plan in the amount of \$4,800 and \$2,141, respectively.

Note 9 – Net assets with donor restrictions

At December 31, 2019 and 2018, the Organization had assets with donor restrictions of \$2,955,265 and \$1,935,869, respectively, which are restricted for specific programs.

Note 10 – Indemnifications

In the ordinary course of business, the Organization enters into various agreements containing standard indemnification provisions. The Organization’s indemnification obligations under such provisions are typically in effect from the date of execution of the applicable statute of limitations. The aggregate maximum potential future liability of the Organization under such indemnification provisions is uncertain. As of December 31, 2019, and 2018, no amounts have been accrued related to such indemnification provisions.

Note 11 – Pledges Receivable

Pledges receivable are estimated to be collected as follows on December 31, 2019 and 2018:

	2019	2018
Within one year	\$ 540,831	\$ 994,289
In one to five years	238,337	245,000
Subtotal	\$ 779,168	\$ 1,239,289
Less discount to net present value	(363)	(664)
Pledge receivable, net	\$ 778,805	\$ 1,238,625

Pledges receivable are recorded after being discounted to the anticipated net present value of the future cash flows.

THE AKSHAYA PATRA FOUNDATION (USA)

Notes to Financial Statements

December 31, 2019 and 2018

Note 12 – Advertising

The Organization uses advertising for public relations and to promote its programs. Advertising costs are expensed as incurred. Total advertising costs including event advertisements for the years ended December 31, 2019 and 2018 were \$11,285 and \$16,730, respectively. This is included in the marketing expense.

Note 13 – Contributions in India

For the years ended December 31, 2019 and 2018, the Organization received \$663,692 and \$348,482 of contributions, respectively as a result of fundraising efforts in the U.S.A. These amounts are also recorded as grant expenses in the same years. Both the revenue and the related grant expense went directly to India.

Note 14- Net Assets

The net assets for the year ended December 31, 2019 reflect a negative balance of \$573,180. This is related to the timing of the transfer of grants to India at year end. This is not a result of operations.

Note 15 – Subsequent Events

ASC 855-10, “Subsequent events” defines further disclosure requirements for events that occur after the statement of financial position date but before financial statements are issued. In accordance with ASC 855-10, the Organization management has evaluated events subsequent to December 31, 2019 to June 12, 2020, which is the date the financial statements were available to be issued.

The Organization’s operations may be affected by the recent and ongoing outbreak of the coronavirus disease 2019 (COVID-19) which was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption, which may be caused by the outbreak, is uncertain; however, it may result in a material adverse impact on the Organization’s financial position, operations and cash flows. Possible effects may include, but are not limited to, the disruption to the Organization’s programs.